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The Economics of Margate

The Labour Party has never been strong on economic policy, which should be the product of a dispassionate study of the facts and a clear view of the objective. For all their Plans, the objectives have tended to be contradictory and the motive power sentiment rather than reason. It is true that they have had a great deal of economic good fortune and that the present state of the British economy, to judge by any of the familiar indications, is strong. But the three pillars that manifestly sustain this state of present prosperity are American aid, the phenomenal continuance of a general seller's market in the world as a whole (caused chiefly by American prosperity) and the devaluation of sterling a year ago. The first and second are beyond the control of any British government; and the third, though Labour Ministers now point to it with pride, was forced upon a reluctant Cabinet who would have much preferred to avoid it. For the rest, Labour policy - apart from the irrelevancies of nationalisation - has been content to be negative, trying to prevent any disturbance to the state of things as they are, which most trade unionists find very satisfactory. Tribute should be paid to the political courage with which Sir Stafford Cripps, in his heyday, insisted on the necessity for a large budget surplus; but that also was hardly a positive or constructive policy; it was a holding operation.

Since midsummer, the need for a definite economic policy has become greater than ever. But the particular policy required has somewhat changed in emphasis. The dollar gap is, for the moment (though it may be only for the moment), not the paramount preoccupation; for the first time for many years sterling is a hard currency. But the internal problem needs firmer and more skilful handling than ever. The need for rearmament has obviously greatly increased the pressure and the threat of inflation, never wholly absent. A large increase in expenditure on defence has to be fitted into the national economy just at a time when the world-wide trend towards inflation is more marked than ever. Yet if the threat of inflation is greater, the defences that have just sufficed to hold against it for five years are visibly crumbling. Restraint on wage increases is breaking down; the sharp deterioration in the terms of trade is beginning to have a marked effect upon internal prices; and the psychological tide, in governmental circles hardly less than in the general public, is set strongly against the continuance of physical controls, let alone their reintroduction. The budget surplus is being nibbled away, and there seems to be little will, in Sir Stafford's absence (and perhaps in his presence too) to defend it.

In short, even such logical content as there was in the Government's economic policy seems to be disappearing, and the need is clearer than ever it was for a new turn, for the mobilisation of fresh expedients to preserve the balance of the economy. Unfortunately, the proceedings at Margate have made it quite clear that the Labour Party has no new ideas. Some of the Labour leaders see the dilemma clearly enough; but their reaction appears to be to defy it. Mr Aneurin Bevan was recently described as the Prince Rupert of the party - and certainly his notion of how to deal with an economic problem is to launch an ideological cavalry charge, which always scatters the enemy and usually loses the battle. Even the moderate Mr Morrison can evidently see only the inviting prospect of new ways of taking other people's property away. The policy of the party at this juncture appears to be to insist that everything for the organised wage-earners must be left exactly as it is today, or if altered must be improved; and that if any further resources are needed for the service of the state or for the defence of the nation, they can be squeezed out of profits or abstracted from capital. Perhaps it is a mistake to take too seriously what is said in the charged atmosphere of a party meeting. But unfortunately it is easy to see that there are plenty of real pressures pushing ministers in the same direction. Facing an election, they think they dare not either cut

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expenditure or impose taxes that will hurt the 'little man'. They must try to keep wages from rising too fast, and the political price that the inexorable trade unions exact for that is another attack on profits. Members of the Labour Party would be very indignant at the suggestion that they propose to be patriotic at somebody else's expense; but that is what their various promises and declarations are leading them to.

It is political pressures that are pushing the Government to this. But in point of fact it is doubtful whether the result will be good politics. Politicians can rarely remember (and never at party conferences) that their loyal followers are not The People. Indeed, when electoral calculations are in order, his own devoted followers are the one set of people whose views the leader should least consider. The people who will decide the result of the next election are not those who always vote Labour or those who always vote Conservative, but those who might vote either way. It is true that 'the rich' have few votes; but it is also true that the more Labour poses as the champion of one class and the enemy of another, the more votes it will lose. There is only one way in which Labour can do better next time than in February, and that is by inducing several hundred thousand people who then voted Liberal or Conservative to vote Labour. Is that likely to be achieved by talk of social warfare?

But whether it is good politics or bad, the line of talk to be heard at Margate is certainly bad economics. A new impetus is being given to the inflationary spiral. The Labour leaders are unwilling to try to stop it at its source, since this would involve such horrible things as raising interest rates, curbing non-productive capital investment and cutting down expenditure on the social services. They are not even prepared to maintain the existing curbs on wage increases which, ramshackle though they are, have certainly put a brake on the trend in recent years. But they do want to prevent as many of the consequences of inflation as they can. In short, we are moving back to Daltonism and the miseries of suppressed inflation. Not by design, but by default of willingness to explore any of the alternatives, the Labour policy is likely to bring back all the worst features of a war economy, without that redeeming discipline which at least enables the community to put forth its greatest efforts.

Next Step for OEEC

For some time past there have been various hints and suggestions that the Organisation for European Economic Cooperation and its close partners in the Economic Cooperation Administration could think only in terms of economic recovery and were quite unfitted for the new problems of containment and the armed truce. This view must, however, have been very thoroughly scotched by the meeting of the Council of the OEEC which took place in Paris last week. The Council had before it a report prepared by the secretariat of the OEEC which represents the first genuine survey of the impact of present conditions of 'no war - no peace' on the economies of Europe and the first attempt to persuade member governments to face the implications frankly. Some policies, the report recognised, would need to be applied by governments acting individually. First among them would naturally be action to check inflation and one may wonder with what inner reservations Mr Gaitskell read the report's sober reminder that each government must determine by one means or other to offset the new demand created by rearmament:

> The offset may be in consumption or in the level of investment on in other items of government expenditure. It is not necessary that all of these should be cut but it is extremely unlikely that any country can master inflation without a cut in at least one of them.

Other policies, however, depend for their effectiveness on the close cooperation of the member governments. The Council, after studying the report, agreed to use the technical sub-committees of the secretariat to establish what shortages in raw materials were likely to occur both in Europe and in the international market - electricity appears to be Europe's worst deficiency - to take joint action where necessary to control prices and to establish machinery for allocation and, in the case of materials controlled by non-European governments - wool, for instance, or rubber or tin - to use the OEEC as a 'claimant agency' representing Europe's interests as a whole. The Council further recommended that all countries participating in the work of the OEEC should agree to pursue their purchases of scarce materials with 'due regard' to the need of other members of the Organisation.

It is no secret that this recommendation has chiefly the United States in view. In the last six months, massive American buying for the purposes of rearmament and stockpiling has reduced the world's dollar deficit in one year from $3.3 billion to $1.1 billion, but it is in Canada and Latin America and the sterling area that the advantage of the new flow of dollars has been felt. Continental Europe has gained almost nothing from it. Its own dollar gap has hardly fallen at all and the entry of America as a competitive buyer into so many third markets has forced prices up and made it increasingly difficult for the European countries to obtain supplies. Coordination of economic policy in Europe alone is thus insufficient. It is in the whole western area that a common policy for price control, allocation and coordinated stockpiling is urgently needed.

So much the report suggests, so much the Council admits and, in theory at least, its

recommendations should cover all the governments principally concerned in the development of economic policy. By virtue of decisions taken earlier in the year, the United States and Canada have joined the OEEC as participants, and their entry into the work is reinforced by the intimate partnership established between the OEEC and the ECA headquarters in Paris. Unfortunately, the western powers have also provided themselves with another embryo instrument of economic coordination in the committees and subcommittees of the North Atlantic Council, some of which are also concerning themselves with the impact of rearmament on the different economies and are considering what joint action is necessary to combine a sustained effort of defence with the maintenance of economic stability. There are now in fact two agencies in the west, both concerned in economic coordination, and unless one or other is eliminated or a fusion brought about, the result can only be confusion, overlapping and a waste of administrative and technical staff who are already too few for the tasks being laid upon them.

The obvious solution would seem to lie in a peaceful fusion of the two bodies. The OEEC can offer its experience and its high standing, which could not be created afresh without years of patient work. It can also offer the confidence which, both as an intergovernmental organisation and as an international secretariat, it has contrived to inspire in ministerial circles in Europe. On the other hand, the North Atlantic Council has the advantage of formally and specifically covering the necessary field and of enjoying a status in the United States and a working relationship with both the State Department and the Defence Department which are probably unique. The present defect in the machinery of the North Atlantic Council is that the Deputies to the Foreign Ministers, who are the permanent heads of the organisation, have not turned out to be the persons of commanding status and virtually ministerial rank that were originally intended. But if this can be corrected, the obvious shape of fusion would seem to lie in preserving the structure of the North Atlantic Council and adding to it the delegations and the invaluable international secretariat of the OEEC.

Unhappily this apparently straightforward solution is being jeopardised at the moment by a series of obscure departmental quarrels in and between Washington, London and Paris. The belief that the two organisations are in dangerous competition with each other has been allowed to gain ground and fear and suspicion much more than logic and confidence seem to be dictating policy. This is really midsummer madness. The western world has too much on its hands in dealing with the hostility of the Russians to spare time for internecine warfare and interdepartmental strife. The sooner all parties to the disagreement can devote themselves to the building of workable institutions and abandon their trench warfare in defence of vested interests, the more speedily can the Atlantic community become a reality.

NOTES OF THE WEEK

Over the Parallel

With the North Korean government making no reply to General MacArthur's summons to cease fire, and with Mr Vyshinsky proposing a settlement which would lead straight to anarchy in a devastated land, the United Nations had to take the brave decision. Indeed, to hesitate longer was to ensure that any advance across the parallel would cost its forces even more in dead and wounded. Forty-seven members of the General Assembly have empowered General MacArthur to drive on, with terms in his pocket as generous as any aggressor has been offered in this century. No unconditional surrender, the promise of unity and independence, an honourable share in electing a single assembly for all Korea, help in reconstruction, and the promise that no power will retain any bases in the country. These terms are offered less to the leaders of the Communist regime than to the people of the North; nobody yet knows just who their alternative political leaders are.

To the British goes much of the credit for these proposals; but to the Indian delegate, believed to receive exclusive information from Peking, goes the credit for the almost fulsome assurances that Chinese interests will be in no way infringed. He appears to have convinced most people at Flushing Meadow that a mysterious entity called Asian opinion would take a grave view of any determined effort by the white man - or United Nations forces - to stay and make a reality of Korean unity and independence.

General MacArthur now advances into a perplexing and dangerous future; but it is now becoming clear that such risks and uncertainties are inherent in the whole idea of collective security. Whether they can be dealt with by a Uno commission on which is represented neither the strength of the United States nor the mediating influence of India is a matter for candid reflexion.

Vienna Fiasco

It is not easy to understand what the Communists in Vienna were up to last week, when an attempt to stage a general strike in the city proved a fiasco. There was understandable discontent among Socialists and trade union leaders at the wage-price agreement which allowed various basic items to rise in price by 30 per cent while limiting the average wage increase to 13 per cent. Indeed, the first wave of strikes had fairly

general support from working people. At some moment, however, the Communists overplayed their hand, planned riots and strong-arm action to bring the city's life to a standstill, tampered with the loyalty of the police - and suddenly found the Socialists turning against them - so much so that Communist attempts to seize stations and factories were defeated by non-Communist workers without police assistance.

The basic facts about Vienna are that the Communists could isolate it from the outside world and starve it of food, power, and light, provided that the Russians prevented the police from doing their duty. Hitherto they have not openly supported such action by the Communists. But, with Allied troops present in the city, the use of violence is bound to be futile unless both Russians and Communists are prepared to stage a *putsch* on Prague lines and risk an armed clash which would quickly spread beyond the city boundaries. In case they should be thinking along those lines both the British and the American Governments have made it clear what their reaction would be. Why Moscow should persist in doing things that draw from Washington and London one declaration after another of intention to stand firm and one fresh argument after another for speeding rearmament is a mystery. If it is mere probing, it is clumsily done; if it is just local blackmail, it is paying no dividend. For each Communist failure builds up the free world's confidence in its power and determination not to pay Russgeld.

Strike Action

All the weaknesses in the existing pattern of labour relations in Britain seem to be making themselves felt at the same time. The unsatisfactory state of the law was demonstrated last week by the prosecution of ten out of 1,500 men who took part in the unofficial strike of gas maintenance engineers. The ease with which the authority of trade union leaders can be undermined was shown by 200 lorry drivers in Preston who gave the required 21 days' notice of a strike on Monday without going through their union leaders. Finally, Mr Deakin has put in a claim for higher wages for dockers, presumably in order to steal the Communists' thunder, but at the same time showing what an unpleasant situation must arise if leadership of the workers is to be auctioned off to those who can make the highest bids.

There seems to be no clear way out of the dangers which loom ahead. Some form of improved legislation for trades disputes might be helpful, but it is difficult to frame a law which will distinguish adequately between malicious strikes and strikes which are called to remedy a genuine grievance. Moreover, even if a good definition of malicious strikes could be devised, such legislation must either doubly entrench the authority of trade union leaders - which would only exacerbate the rank and file and provide more fuel for the Communists - or allow anyone to call a strike - which would leave the present position unchanged. Perhaps the only form of legislation which can be considered is one that extends the prohibition on strikes to which the army and the police are already subject to other equally essential services.

Exercise Broadside

The yearly divisional exercise in which the summer training of the British Army of the Rhine now culminates provides *(writes our special correspondent)* the main opportunity of judging the army's progress in strength and proficiency. It is alarming to observe that the shortage of manpower in the Rhine Army is more acute in 1950 than it was in 1949, in particular the shortage of experienced NCOs. The Government's decision to extend the period of national service and to attract a greater number of regulars has come none too soon. The obsoleacence of the equipment is in some ways more serious since it may take a longer time to remedy. Apart from the admirable Centurion tank, there is not a weapon or a vehicle in the Rhine Army which does not date from the period of 1943 to 1945. The perpetual dilemma between defence research and defence production, linked to the needs of the export drive, provide an adequate explanation. But the soldier in Germany can only be thankful that events have dictated a change in policy, although it will be at least two years before the army begins to feel the benefit of new weapon production.

Exercise 'Broadside' was framed in a realistic setting which assumed that in the early stages of a future war the enemy would have the advantage of a higher degree of readiness including air superiority. The first part of the exercise accordingly consisted in the movement of 7th Armoured and 2nd Infantry Divisions to concentration areas with all the available air effort opposed to them. This entailed a difficult problem of night movement which the units - their vehicles mostly in the hands of young national service drivers - conducted with great skill.

The tactical part of the exercise was less satisfactory. In accordance with the criticisms of last year's plan, its purpose was to study the problem of holding a wide divisional front, which with the present paucity of troops in Western Europe would be the case in the early stages of a war. But, as General de Lattre de Tassigny pointed out, this aim was considerably compromised by creating a series of imaginary minefields and inundations along the river Weser which converted the 2nd Division's front from a wide into a narrow one. Even so the deployment of the division in defence left it with very little local reserve. From the comments of the CIGS, of General de Lattre and General Keightley, the Army Commander, it is clear that what the British army has to relearn is that no river line is an impregnable obstacle - in Western Germany the steep and densely wooded ridges may provide better ob-

stacles to armour - and that the only way to stop the enemy is to defeat and kill his troops.

The Colombo Plan

Realism rather than ardour, and speed rather than scale are the marks of what has come out of the Commonwealth Conference on aid for southern Asia. By forming the new Council of Technical Cooperation and encouraging it to start work in Colombo before the end of the year, the participants - not including Burma and Indonesia which were represented by observers - have ensured that some use is quickly made of the £8 million which is to be spent before July 1, 1952. By dealing direct with governments the directors of the council will be able to keep an impetus behind the opening moves; these are likely to consist largely of paying teachers, scientists, and technicians - of which southern Asia is so short - and of endowing and equipping universities and training institutions.

The other main achievement of the talks is the report on a six-year development programme - the 'Colombo Plan' - to be published in a few weeks. This involves no immediate action by governments; it is rather a series of studies country by country joined to an analysis of the economic problems common to the area as a whole. Without such information, handily arranged, it would be scarcely possible to get down to the task of raising further money for long term schemes of increased output from the land, better transport services, new sources of power and - to a minor degree - industrialisation. It is, in fact, a prospectus for public spirited but intelligent finance ministers.

Development plans at this stage arouse enthusiasm only when they are accompanied by propaganda of the Five Year Plan - and Margate Conference - kind. The Commonwealth personalities working on this bold new conception are wisely concentrating on getting things done and finding the people to do them. Behind their efforts lies, nevertheless, the determination to help southern Asia and to prevent its rising population from undermining living standards and checking economic development.

Finding the Money

To prime the pump in southern Asia to the extent now required is beyond the resources of the Commonwealth, which - indeed - has not undertaken to tackle the whole task alone. The present effort is designed rather to set a course and a pace that can be maintained over a long distance. Without fixing any sum as the target, the conference has sifted and arranged priorities for a programme that would cost about £1900 million between now and 1957, and has set out ways in which the money might be raised by 'an effort of mutual help'. First in the order of possible contributors come the Asian countries themselves, which should raise internal loans and increase taxes wherever possible. Second come public or private loans from the west for specific projects, the World Bank, the American Export-Import Bank and Point Four. Last come loans, credits or gifts from government to government.

The full scheme is impossible without aid from outside, especially from the United States. Washington has been kept informed throughout the conference, and will find that the report has been given by Canadian delegates the kind of slant that will make it more readily assimilable. The Colombo Plan has been drawn up without specific reference to the need to fight the Communist challenge; but it will appeal to all who believe that one of the best ways to do so is to demonstrate how low economic standards can be raised without using totalitarian methods, and by ensuring that southern Asia takes its rightful place in the pattern of world trade.

Social Priorities

Conservative spokesmen have been criticised for their reluctance to commit themselves on how they would reduce expenditure on the social services to allow the reduction in taxation and the higher defence expenditure that they advocate. Nine of the new Conservative MPs have published a pamphlet ('One Nation'. Conservative Political Centre 1s) which expresses their own views on how the problem might be tackled. It is one of the clearest and best informed pamphlets on home policy which has appeared from any quarter in a long time, a fact which is not so surprising since the authors includes Mr Iain Macleod, Mr Angus Maude, and Mr Richard Fort, who are among the ablest of the new Tory back benchers. The pamphlet is also a tribute to the wisdom of the Central Office of the 'stupid party' in maintaining a large research department during its lean years in order to provide a reservoir of well informed parliamentary candidates and members.

The purpose of the pamphlet is to lay down priorities. Most of its proposals are familiar: the gradual elimination of the food subsidies accompanied by compensatory increases in social service payments; charges for some health service benefits; the postponement of some educational developments; the freeing of building from control, the overhaul of rent restriction and the concentration of local authority building on slum clearance. Housing itself is given first priority among the social services, and education second. Probably this order should be reversed. Of all the social services, it is education that could, provided the principles of educational policy were sound, pay the highest dividends.

The chief criticism of the pamphlet is that the authors do not quite make their case. The economies that they suggest in the social services are well conceived, but it would be optimistic to expect that they would more than offset the increased expenditure they would allow on higher salaries for teachers and doctors, the reopening of hospital beds

and so on. This means that on the elimination of the food subsidies must depend the chances of reducing taxation and of meeting the possibility of higher expenditure on defence. In spite of the pamphlet's persuasive reasoning, the sum does not quite add up.

Schuman Plan Progress

The six nations taking part in the Schuman Plan continue to make quiet progress in their talks. Especially in the matter of commercial policy there have been several advances during the past few weeks. All participants will be given unrestricted access to markets in the overseas territories belonging to member countries. It has been decided, too, that the High Authority shall be the negotiating agent for the six as a whole when it comes to bargaining with other producer nations over both domestic and export markets. If the Schuman countries do band together to this extent, there is a clear possibility that Britain, the outsider, may be put at a great commercial disadvantage.

Some of the questions which - at least in the view of British observers - lie at the heart of the plan are still unsolved. For instance, the division of tasks between the supra-national High Authority and the intra-governmental body, the Council of Ministers, is not yet perfectly clear. Delegates are also finding it difficult to agree on what price level or levels should prevail for coal and steel within the area.

A reasonable compromise on these issues can be reached, most of the delegates feel, provided that the shadow of German rearmament does not grow too swiftly. The French in particular are anxious that no German divisions should be armed before they have a chance to put the plan into working order. Otherwise they are afraid of creating the very danger that the plan was designed to avert - the re-emergence of a powerful Germany without the safeguard of a larger European unit into which it can be absorbed. Frenchmen think and say that the Americans, by insisting on an immediate decision to re-arm Germany, have put the cart before the horse and are thereby threatening the foundations of the plan while the builders are still at work.

Consumers' Representation

When the various Nationalisation Acts established consumer councils and consultative committees as a check on the possibly arbitrary behaviour of the statutory monopolies, it was hopefully assumed that they would be effective. How far this assumption has been justified has been expounded in a valuable little pamphlet ('Consumers' Representation in the Public Sector of Industry' by A.M. de Neuman) which sets its findings in perspective by quoting Mr Herbert Morrison's assurance that consumer's representatives are expected to be 'critically minded...ready to fight...active and vigorous'. But in fact, the crucial first year of each nationalisation project was passed without benefit of a complete consumer council organisation. There is a wide variation in the terms of the various acts: while some corporations are obliged to refer matters to their consumer bodies, others are not; so important a body as the Central Transport Consultative Committee need meet only twice a year; in coal there are no local bodies, in gas and in electricity there is no national body; there is no obligation on Electricity Consultative Councils to publish any reports at all. In all their organisations (except for the Air Transport Advisory Council) members are appointed by the Minister chiefly concerned, which makes it improbable that they will be persons likely to be thorns in the flesh of the Board which he has also appointed. If the constitutional framework is unpromising, the practical results are worse. One and all, the Councils and Committees have made it their business to defend the Corporations before the public rather than the public before the Corporations; an ominous tradition of secrecy has been established; and the public has mostly ignored its supposed champions and gone on querulously writing to its overdriven members of Parliament who are in this respect constitutionally impotent.

It is of course too early, as Mr de Neuman recognises, for final judgment; but it is not too early to emphasise the undesirable precedents which have been established. The Corporations and their parent ministers have only themselves to blame if the public looks on the consumer organisations nominally protecting his interests with the mingled indifference and distrust felt by the unenfranchised natives of some backward colony for their 'appointed' representatives selected from, responsible to, and paid by, the oppressing master race.

The Defence of Turkey

'Why worry about the Atlantic Pact?' says the leading article in a leading Turkish newspaper. Exclusion from it 'is not so grave when one considers that this country has pacts with Britain and France that bind both western nations to rush aid to us in the event of attack?' If this philosophic attitude is widespread, why did the Turkish government so ostentatiously apply afresh for membership of the Pact last month? What more did it want? Is it satisfied with the result of its application, which is a refusal to which has now been appended an invitation to 'associate with' Atlantic Pact defence plans in the Mediterranean?

The answer to these questions is that Turkey will not feel confident of adequate aid on D-day until the United States, as well as Britain and France, is pledged in treaty form to rush to its rescue. The request for inclusion in the Atlantic Pact was bound to be turned down, for the smaller north Atlantic nations still prefer to think that their frontier is in northern waters and

not on the Bosphorus. But by making it with ostentation and by accepting refusal not as a rebuff but as the starting point towards an 'associated' alliance, Turkish diplomacy has done well enough. It has come as near as is possible, in the present state of American armaments and commitments, to securing an undertaking of American protection.

Its critics suggest that, when it sent its 4500 combat troops to Korea, it was attempting to buy its way towards its goal, much as Cavour, in Crimean days, bought his seat at the western council table. The implication is unfair. Though the despatch of the troops and the request to the Atlantic powers virtually coincided, they were independent gestures. Mere commonsense dictated that Turkey, physically placed just as near to the Russian frontier as is Korea, should do as she would be done by.

Professional Obstacle Race

A new circular issued by the Ministry of Education shows that an obstacle race of inhuman ingenuity is being devised for the young entrant to the professions. It gives details of the requirements, in terms of the new General Certificate of Education, of such bodies as the Law Society, the Royal Institute of British Architects and the Institution of Civil Engineers. Twenty-two out of the thirty professional bodies had laid down different educational criteria for the aspirants to their profession, only the engineering institutes having managed to work out a common formula. The reason for this is that the new General Certificate, unlike the old School Certificate, can be awarded for proficiency in one subject only instead of a balanced group of subjects. The professions, like the universities, have shown that they do not trust the schools to send their pupils out provided with a sound general education, irrespective of what may be displayed in examination results, and they have set out requirements which they severally demand for exemption from their own preliminary examinations. Since the different professions have different ideas about basic education, there is a bewildering variety of requirements: almost all the professional bodies require a minimum of four or five subjects, and all but three demand English and Mathematics, but some require Latin and some do not; some require a scientific subject and some a foreign language. To the master who must devise a curriculum to fit these different requirements, and to the pupils who must follow it, the alleged freedom of the new General Certificate must appear to be an illusion.

Shorter Notes

The French decision to evacuate their garrison from the frontier town of Kaobang on October 3rd was serious; although Kaobang had for months largely depended on airborne supplies, so long as French troops were there they made it more difficult for the Viet Minh to bring arms across the frontier. But in withdrawing, a decision hastened by the loss of the neighbouring post of Dong-Khe, the French have suffered a first class disaster. Even if their offensive goes well elsewhere, they have lost not only part of their control of the frontier region, but, by the reported annihilation of over 3000 men, have received a dangerous blow to anti-Communist morale throughout the country. The gravity of the situation is shown by the dispatch of the veteran expert in guerrilla warfare, General Juin, from Morocco.

* * *

Much has been written about the military and political miscalculations made by the Communists and Russians in Korea. What has so far escaped notice is the failure of the political warfare that has accompanied the campaign. Seoul did not turn out a second Stalingrad; the South Koreans fight on with undiminished zeal; above all, the 'working masses' of the world have not taken the action against 'imperialist warmongering' for which two years of the 'peace campaign' had prepared them. Exasperated by this fact, Soviet propaganda is now conducting an outright atrocity campaign against the American army which seems to call for some official protest.

Doing and Showing

We cannot conclude without reminding our countrymen that their strong point has always been doing, in contradistinction from exhibiting. We are not sensible of any more striking moral characteristic between the Saxon and Celtic races than that the Saxons perform while the Celts exhibit. The former, though abundantly self-willed, self-confident, and self-conceited, are withal awkward and retiring. They are not gascons. What they do is done for themselves, or because the thing is worthy to be done, and it is not done for show. The Celts, on the contrary, always display all their virtues. Whether it be at the fair, flourishing a shilelah, dancing on the village green, erecting magnificent castles, or constituting a state, their great desire is to attract admiration. They prefer the arts which dazzle others to those which comfort the artist and his neighbours.

The Economist

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Books and Publications

'Roosevelt in Retrospect' by John Gunther. Hamish Hamilton. 441 pages. 21s.

It looks as if Franklin Roosevelt's reputation may soon enter upon that apparently inevitable period of slump which, for most great men, is delayed until a generation or so after their death. Many circumstances point to this. Unlike most war leaders, he handed down a peace hardly less critical than the war itself; consequently the magnitude of his own achievement has to compete with the gravity of his successor's task. Moreover, the achievements of that successor, so much beyond popular expectation, and displayed through a personality and political technique so different from his own, have shown up certain of Roosevelt's weaknesses and limitations. Lastly the celerity with which the full record, both of his private life and of his administrations, has been laid bare to the public gaze contrasts strikingly with the protection afforded to so many eminent public figures by the joint operation of family discretion and the Official Secrets Act. How much more is already known of Franklin Roosevelt than of his nearest British counterpart, Lloyd George. When once the paranoiac Roosevelt-phobia of the thirties and forties ceases to evoke, by a compensatory process, a corresponding degree of Roosevelt-philia, the cumulative effects of these circumstances may not be long in making themselves felt. The election of 1948was probably the last in which the Roosevelt myth could be a serious issue.

Perhaps Mr Gunther feels something of this. His book at any rate suggests it. It is not written in the vein of vigorous counter-polemic appropriate to a contemporary apologia, such as the admirable 'Roosevelt' of Mr Gerald Johnson; but neither is it written with the detachment that might be expected from someone who comes to his task after the publication of such revelations as those of Mr Sherwood, Mr Morgenthau and Mr Moley. Mr Gunther has drawn upon these and all the other rich vein of Rooseveltiana now available (though not, alas, always in this country). But his book is something more and less than a synthesis of these. More, because it is primarily a tribute from an unashamedly fond admirer - a tribute, moreover, primarily to Roosevelt the human being - and only secondarily to Roosevelt the President. (The structure of the book illustrates this, the first half being devoted to 'The Character', while even of 'The Life' only about 75 pages are allotted to the years 1939 to 1945). Less, because the critical analysis of all the disclosures and interpretations now available is something which Mr Gunther has not seriously attempted.

Indeed, this study is a good deal like Mr Gunther's travel books, in both its charm and its inadequacy. This is a country which he likes very much and which he describes with warmth, vivacity and an engaging loyalty to its way of life. But even the best countries have their enigmas and their problems, and on these Mr Gunther is less revealing. We tour the furnishings of Mr Roosevelt's mind in the company of a most informing and beguiling guide. There is the desk at which he sat. There is the donkey which he loved to ride. There is the battered fedora we know so well. But what is in the drawers of the desk? Why did he ride the donkey along the paths he did? What went on underneath the fedora - and behind that famous smile?

* * *

'Scottsboro Boy' by Haywood Patterson and Earl Conrad. Gollancz. 317 pages. 16s.

In the nineteen-thirties the Scottsboro case taught the world - and many Americans as well - what racial prejudice meant in the United States. It would not be true to say that the Negro boys who were sentenced to death time and again for the rape of two white prostitutes were framed. There was no need; apart from one judge who made legal history and ruined his career, all those in Alabama who were concerned in the case based their decisions on blind prejudice, not on the evidence. It was prejudice not only against Negroes but also against Communist interference. For to the Communists the Scottsboro case was, and to some extent still is, a Lenin-sent demonstration of the decadence and oppressiveness of capitalism. They made the boys their own and bombarded Alabama with protests from 'foreign' parts - from countries across the ocean and, much worse, from cities across the Mason-Dixon line. That great pleader, Clarence Darrow, was forced by the Communist tactics to abandon the boys' defence and with him went, not their hope of acquittal (there was never any hope of that), but their chance of a speedy pardon.

There is no evidence in this book that Haywood Patterson is aware that the Communists are responsible for at least part of his seventeen years in prison for a crime he never committed, or for the fact that they were ended not by release but by escape. But even he, the most aware of all the Scottsboro boys, is aware of very little except the iniquitous way in which he has been treated. He cannot be blamed for that, but as a result, the horrifying story he told Mr. Earl Conrad could be nothing more than an account of the degradation of human beings and the debasement of justice. It is not difficult to read, but it is certainly not pleasant, and it sheds little new light on the basic problem of the Scottsboro case in particular and of the South in general, the poverty and ignorance of Negro and white alike.

October

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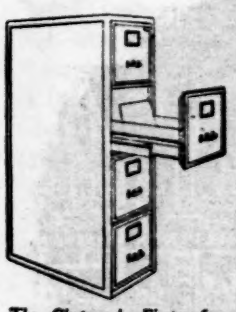

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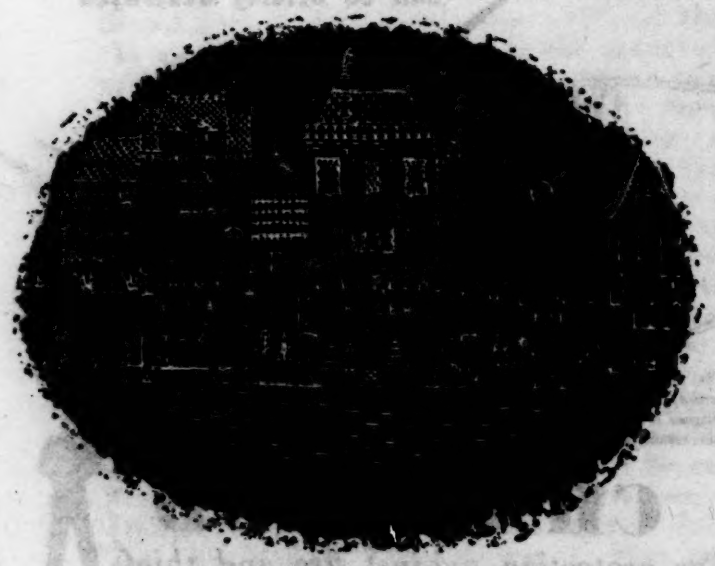

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AMERICAN SURVEY

Inflation's Shadow

Washington, D.C.

The theory that it could be left to the good sense and patriotic spirit of the trade unions and the employers to agree upon wage adjustments which would discourage inflation and serve the national interest was one of the first American casualties of the second world war. By the time President Roosevelt's Administration had gathered the political courage to devise a harness that would hold wages and prices from running away, there appeared to be nobody in the United States who had not learned the economic lesson of the times. The first part of the lesson was that, though dipsomaniacs might voluntarily give up drink and rivers would sometimes run uphill, trade unions would not renounce the opportunity of winning wage increases so long as the opportunity could be discerned to exist. The second part of the lesson was that whenever prices and profits were rising and manpower was valuable the opportunity would exist.

Ten years have passed and now here we are again in time of armed conflict, with a big rearmament programme launched, with prices airborne, with profits in a more satisfactory condition than ever before, and with an imminent manpower shortage foreshadowed by early September totals for employment. In these circumstances President Truman has just appointed Dr Alan Valentine to supervise the control of prices and wages if this becomes necessary.

Before it departed for home to attend to pressing election business, the Congress passed a Defence Production Act which gives the President powers (for which he had not asked) to invoke such controls. But the Congress handed over the baby with a certain diffidence. Lest there should be any unfortunate pre-election idea in labour circles that members of the House or Senate were compelling Mr Truman to frustrate current wage claims, the Act enjoined the President to have recourse first to voluntary action to stabilise wages and prices. If that did not work, then the President was to take sterner action.

Last May, the General Motors Corporation, the largest industrial firm in the country, signed with Mr Walter Reuther's United Automobile Workers a new five-year contract under which nearly 250,000 members got an immediate wage increase of 4 cents an hour, an undertaking that their pay would be raised by another 4 cents an hour each year for the next four years, a number of assorted pension and vacation benefits, and a formula under which wages would rise indefinitely quarter by quarter if the cost of living went up but would be cut by not more than 3 cents an hour however much the cost of living went down. It was a reasonably safe prediction, even before Korea, that other automobile makers would have to toe this line, and that unions which thought that they were in strong enough positions to improve on it would, as Mr Pickles might say, have a go.

Workers in the aluminium, rubber, hosiery, electrical equipment and farm implement industries are among those who have had, or are going to have, successful goes. The Chrysler Corporation, in a sort of Santa Claus gesture that shook industrial America, last month signed a new contract with the UAW, presenting unskilled workers with a 10 cents an hour increase and skilled workers with a 15 cents an hour increase out of the blue. And Mr Philip Murray, of the United Steel Workers Union, who last winter secured by means of a strike some handsome new pension and health insurance benefits, wrote to 1,400 steel companies announcing that he would be seeking a wage increase before December 1st, when the union can strike. Mr John L. Lewis of the United Mine Workers Union has not been heard from yet, but he will hardly resist the temptation to secure benefits higher, wider and handsomer than anyone else's.

Soon after the steel strike was over last winter, the United States Steel Corporation announced price increases averaging $4 a ton on a wide range of steel products, to yield an extra $80 million a year to the company, 'an amount equalling the estimated yearly cost of the new pensions programme'. Within the last week or so two steel firms have announced new price increases, and the magazine *Iron Age* is discussing the likelihood that Mr Murray's negotiations will force up steel prices by another $6 to $8 a ton.

'Inflation's Sinister Shadow Has Actually Materialised' said a headline in the *Washington Star* the other day, but the substance of inflation does not in fact seem to have arrived yet. Commodity prices are not as high as they were during the 1948 peak, production is well beyond that peak and there have been recent signs that the heart has gone out of the Korea-inspired buying scramble. So far the only restrictions have been relatively painless ones on instalment buying - which accounted for over $13 billion of the $21 billion of consumer credit outstanding in August. But stricter credit regulations are prophesied on mortgages which will certainly bring down with a rush the recent furiously high rate of house-building. The biggest curb on inflation so far has been the rise in income taxes this month.

And after that? It may be a long, long trail; but the logic of ten-year-old lessons lingers on. Wage ceilings and price ceilings, a formula to 'hold the line against inflation' and a War Labour Board to adjust disputes may once again be on the cards.

American Notes

DOs and Don'ts for Industry

The first industrial priorities to come out of the Defence Production Act are straightforward DO (defence order) ratings, telling industry that it must do jobs for the services, the foreign military assistance programme and, where necessary, for the Atomic Energy Commission, before it takes care of its civilian customers. These ratings, which will apply to practically all military contracts, even those already placed, can be passed on by the prime contractor to his suppliers and sub-contractors. The National Production Authority is expected to determine the proportion of steel, and presumably later of other commodities, that can be earmarked for defence purposes, and to work out a method of spreading DO ratings among firms, so that non-military consumers shall all suffer together. If this is done and if the services do not relapse into their old habit of over-ordering and of piling priority on top of priority, the civilian economy should not be dislocated very severely just yet.

But by early next year the recent flood of defence appropriations will be swamping factory benches and by then essential civilian and indirect military orders - steel for rails, for example - will need priority ratings if they are to stay in the swim. This is when non-essential civilian goods will find it difficult to keep their heads above water. So far the departments controlling essential civilian products have done little beyond mobilising the alphabet to name the new offices set up to deal with their new duties. But already an interdepartmental dispute has developed between the Departments of the Interior and of Commerce over the responsibility for non-ferrous metals; those who believe that it was a mistake to divide authority among existing Government agencies are saying that they told the President so.

Non-ferrous metals were amongst the most important of the 32 commodities to which the National Production Authority's first regulation applied. This was a "Don't", not a DO, order, and laid it down that industrial stocks of these commodities should not exceed 'the practicable minimum working inventory.' Metals are already being allocated voluntarily and the next stage will be mandatory allocations for copper, aluminium and perhaps some others, officially expected before Christmas. The automobile industry is talking of a 'de-emphasisation trend' which will dim its chromium sparkle, to save metals.

Crime Campaigns

The Republicans have new hopes of making organized crime and the public protection it buys pay political dividends in three close Senate races, the battles in New York, Illinois, and Missouri. Senator Kefauver has steadily resisted their pressure to devote his crime inquiry to an exposure of the links between the underworld and Democratic machines in big cities such as Chicago and Kansas City. But in New York revelations that a $20 million-a-year Brooklyn gambling syndicate spent $1 million of that on buying police tolerance throws a fresh light on the hurried departure of Mr O'Dwyer, the Democratic Mayor, for his Mexican retreat, and handicaps the Democratic candidates, however great their own integrity.

Mr Thomas Murphy, the successful prosecutor of Mr Alger Hiss, has new scope for the talents the New York Democrats found themselves unable to reward adequately. Appointed Police Commissioner, his new broom has already resulted in the hasty resignation of sixteen police officials, some of high rank, and the return to the beat of the entire plain-clothes division, which is charged with enforcing the laws against gambling and vice. Mr Dewey, the Republican Governor, has gladly entered a fray which promises to be as profitable, politically, as his own crusade against the rackets twenty years ago.

The New York exposure is the work of a Brooklyn grand jury, not of Senator Kefauver, but the conviction of the nation's largest bookmaker grew out of testimony before the committee. Civic reformers are taking heart and the alarm of the 'mobs' has brought the murder of two of the committee's witnesses in Chicago.

In Florida, the committee proved what it set out to: that gambling corrupts public officials and that the crime network crosses state boundaries and hence requires federal remedies. (A representative of the Capone gang in Chicago had muscled in on the local syndicate). But Florida is a one-party State and Republicans are impatient for the Committee's findings in Illinois and Missouri. It was a Republican, however, Senator Malone of Nevada, the only State that permits off-the-course gambling and the uninhibited use of gambling machines, who filibustered to death a Bill to prohibit the movement of these 'one-armed bandits' across state boundaries.

In the Name of Security

The anti-Communist Act passed over the President's veto already stands convicted of endangering America's prestige abroad in the name of security at home. Its exclusion of 'supporters of any totalitarian regime' is a nightmare to travellers and harassed officials who have already limited an Austrian pianist to a six-day stay because he joined the Hitler Youth at the age of ten. Senator McCarran, friend of General Franco, and the author of the Bill, would get his deserts if it kept out all unofficial Spanish visitors. The same reasoning, applied to South America, would make havoc of the good neighbour policy. It would exclude 90 per cent of all Germans, thus wrecking the re-education programme, and offend the Yugoslavs. The temptation to make a monkey of the Act by taking it literally must be strong, but allowances must be made for the 'intent of Congress', which may be clarified after the election.

THE WORLD OVERSEAS

Indonesia Now

Indonesia is now three quarters of the way through its first year. It has been a period of vigorous change, even if the violence of the last few years has died down. The new cabinet recently formed by the Masjumi leader, Mr Mohammad Natsir, under the new provisional unitary constitution, has had a fairly good reception. It was disappointing to many, both in Indonesia and outside, to learn that Mr Hatta, the moderate and realist who had negotiated Indonesia's final independence agreement with the Dutch at the Hague last year, was to give up the premiership. But the facts are that Mr Hatta had worked himself almost to a standstill after two years of constant strain and that the new government is headed by a man who is close both to Mr Hatta and to Mr Sutan Sjahrir, the strongest anti-Communist figure in Indonesian politics. On paper, therefore, the cabinet is nearly as 'sound' as it could reasonably be expected to be.

What now matters most in Indonesia is to know whether this or any other moderate government can impose its will on the country. On that score there is considerable doubt among independent observers in Djakarta, the capital. There are three particularly intransigent elements: outlying peoples, such as the rebellious Ambonese, who resent a unitary state run from Java; malcontents and guerrillas like those of the Dar ul Islam in Java itself; and everywhere the growing body of Communists and fellow travellers. These trouble-makers are once more becoming the most important, as before the Madiun rebellion in 1948. Lately the trade union organisation, SOBSI, whose leaders now take their instructions from the Soviet-directed WFTU (World Federation of Trade Unions), has greatly extended its influence, largely by means of intimidation. Alimin, one of the chief Moscow-trained Indonesian Communist leaders of two years ago - who was widely reported as dead - has turned up again.

The government's most important achievement so far has been to settle the serious strike of estate workers which started on August 20th. In loss of tea production this has cost Indonesia about 16 million rupiah of foreign exchange. There has also been a number of other sporadic strikes, which are due to the kind of local corruption that no government can tackle overnight, but which have certainly struck at the country's economy when it is just beginning to get on its feet again. Nevertheless, Indonesia has made considerable strides in economic recovery during the past six months. This has recently been accentuated by the high prices now ruling for many of its main products, such as rubber. One result is that more consumer goods are beginning to flow into the country and that the pernicious inflation has been checked. Moreover, the new financial regulations controlling foreign exchange are working very satisfactorily. Indonesia's new standing is most strikingly shown by the recent sharp appreciation of its currency. From a free market rate of 30 to the $ and 72 to the £ in May, the rupiah rose to 15 and 38 respectively in July, its best level since 1945.

Indonesia is trying to steer a neutral course in foreign policy, following India's example; the one exception, towards which it has a blind spot, is New Guinea. By working up an exaggeratedly emotional claim in the face of rational argument, of the indignant determination of the Dutch and of Australia's strategic interests, Djakarta is heading for trouble.

As the Dutch See It

(From Our Correspondent at the Hague)

Present Dutch feelings on Indonesia range from the professional, slightly ridiculous, optimism of Dutch cabinet ministers to the embittered feeling of the soldiers of the former Royal Netherlands Indies Army. The cabinet ministers are bound to appear optimistic since they must make a success of the 'Dutch-Indonesian Union' - a not very real superstructure, that was asked for by the Dutch mainly for internal political consumption and accepted by the Indonesians because they felt it was not a very important concession. But very real Dutch interests lie behind the facade of the Union. The Dutch Government estimates that between fl.5000-6000 million of Dutch capital has been invested in Indonesia. The chief reason for the Dutch willingness to give a 'general purpose loan' of fl.200 million to Indonesia is the knowledge that otherwise there would probably be a severe cut in Dutch imports. And the fact that Dutch trade, particularly with the dollar area, can practically never be balanced without the three-cornered trade with Indonesia, again makes it highly desirable for the Dutch to have a High Commissariat at Djakarta which is something more than a mere embassy.

Among Dutch businessmen in Indonesia there is a remarkable difference between the smaller firms, which continue to daydream about the colonial past, and the big business men, who ask Indonesian ministers to dinner and make incredibly rosy statements about the way things are going. In private they are not so optimistic, but there is undoubtedly a big opportunity for business people who are able to adapt themselves to changing conditions.

THE BUSINESS WORLD

Policy and the Pound

Exchange policy now holds a prominent place among the problems that face Britain and the sterling area. Dollars and gold are still flowing into the sterling area reserves; the British balance of payments has been transformed; and there is no mistaking the hardening of sterling in recent months. These symptoms of improvement have been noted abroad and their implications in terms of future policy for sterling have already been argued with implacable logic in the United States. At the recent meeting of the International Monetary Fund in Paris, the justification for continuing restrictions on current payments by Great Britain and other sterling area members of the IMF was questioned. That issue will be discussed in a specific context next month, when the signatories of the General Agreement on Tariffs and Trade, now tariff-bargaining at Torquay, turn to debate the principles of commercial conduct and discuss the discrimination now applied against dollar imports by sterling countries.

Questions of exchange policy cannot have been far in the background of Mr Gaitskell's discussions in Washington and Ottawa this week. Britain's request that part of America's military aid should be in free dollars is, in present circumstances, tantamount to asking for further American help to raise the British gold and dollar reserves. It is certain to have aroused some American questioning about the size to which the reserves need to be built up before they would justify a restoration of full convertibility of sterling for current transactions. Future exchange policy, however, does not rest solely on sterling-dollar relations, important though these are. A fortnight ago, Canada announced its fateful decision to let the Canadian dollar find its level in a free market. Australia has decided to adhere, for political reasons, to a patently undervalued rate for the Australian pound. And within the next few days, the results of the first periodic compensation under the European Payments Union should be known; it may result in considerable gold payments and thus call into question the desirability and practicability of leaving the sterling area's monetary relations with certain members of EPU to the automatic mercies of that mechanism.

Many ingredients are thus being thrown into the cauldron of this debate, and the brew is kept bubbling by continuing rumours of changes in sterling's parity. The widely held and tenacious belief that the exchange value of sterling is to be raised against the dollar is an inexplicable example of economic hypnosis. Can it be seriously believed that the British Government, little more than a year after devaluation and in to-day's abnormal circumstances, would ask the International Monetary Fund to sanction a higher rate for sterling? Repeated ministerial pronouncements make it clear beyond doubt that the building up of the gold reserve well beyond the present level of about $2,800 million is the first priority in external financial policy. To revalue sterling now would seriously impede the further recovery of the reserve. It would also reduce the sterling price of gold and thus put further strain upon the loyalty of gold producing members of the sterling area. Even more incredible is the supposition that the IMF, sensitive as it is to American economic ideas, would sanction any such proposal. The Fund would surely be quick to assert that if sterling were so genuinely strong as to justify some upward adjustment in its gold parity, it should first test and use that strength by the resumption of convertibility for current transactions.

Or can it be that expectations of a change in the dollar-sterling rate are based, not on these improbable assumptions, but on an even absurder belief that the United States dollar is about to collapse and break the link with its gold parity? So long as it is cast in sensible terms, there is something in the raw material of this argument. The United States economy is undergoing greater stress than at any time since the war; little effective anti-inflationary medicine can be administered until the November elections are out of the way; wages have begun another round of nation-wide increases; a good deal of potentially unstable foreign capital that has found its way to the United States in the past three decades is beginning to look for a new home. But to jump from these premises to the conclusion that an exchange crisis is about to break in the United States is to lose all sense of proportion. Some two-thirds of the world's monetary gold is still held in the US Treasury reserve. The United States is still lending and giving abroad to the tune of about $5 billion a year. There are powerful brakes that can be applied to the American monetary mechanism, even without reckoning on the prodigious productive capacity of the American economy when it is really put to the test. If the dollar is becoming softer and more abundant, it should be a cause for profound satisfaction and it should evoke an appropriate response in the administration of sterling exchange control and in British commercial policy.

The conclusion suggested by this reasoning is that the sterling-dollar rate is much better left where it is, and that the relative strengthening of sterling and weakening

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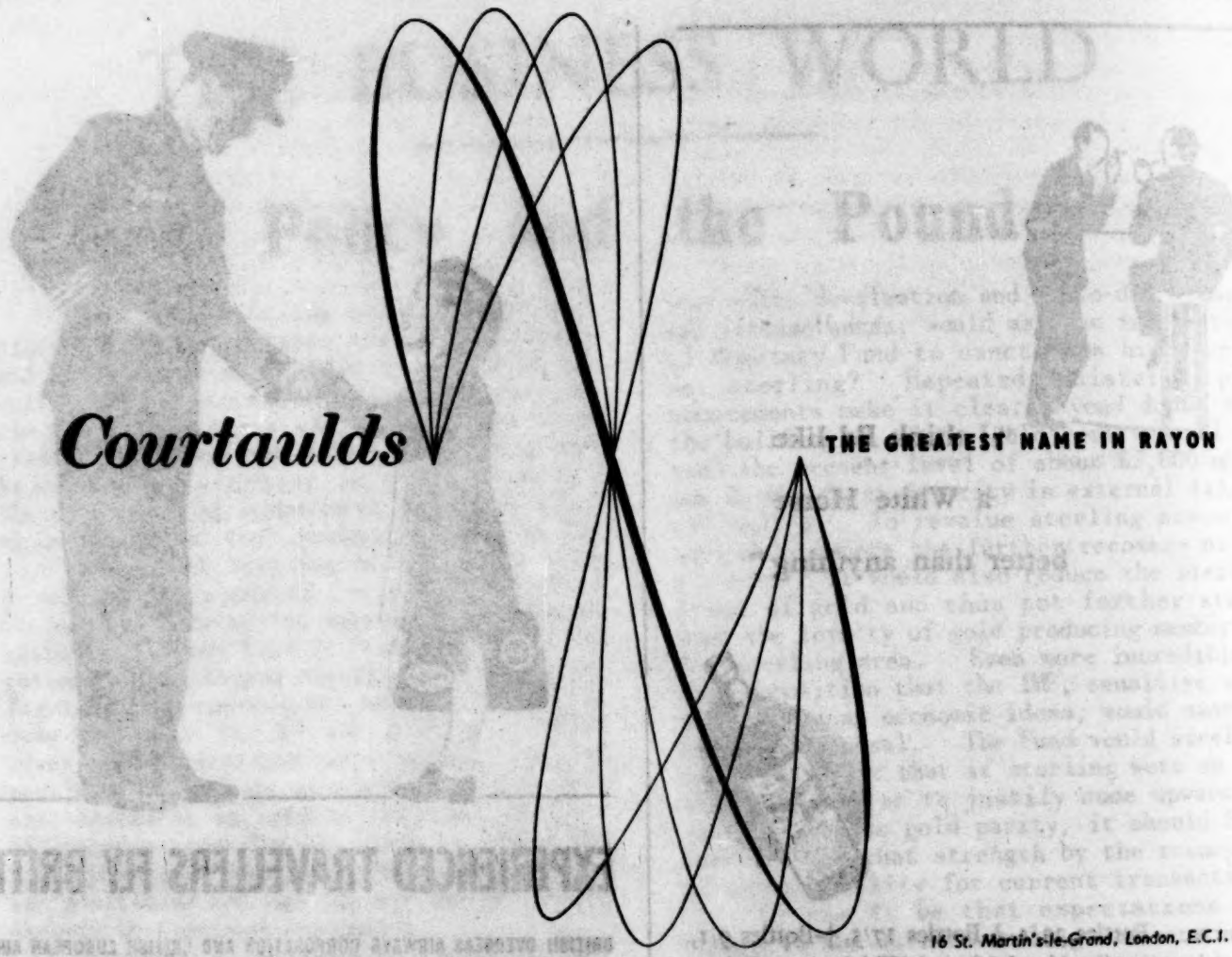

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of the dollar should be allowed to reflect itself in a measurable relaxation of sterling exchange control and of the admission of dollar goods. No sensible person would argue for an immediate jump to dollar convertibility; but the progress already made in easing the rigours of restrictions on payments to the dollar area should be accelerated.

It remains to consider the argument that Britain should emulate Canada and let the pound go free. Apart from its propriety or desirability, such a move would be reasonably safe only if free sterling were backed by a much larger gold reserve than at present. Sterling is not under pressure to repulse a massive inflow of hot money comparable with the flow into Canada in recent months. In the choice between a free rate and a fixed rate, Canada's decision sets no precedent for Britain. The Canadian dollar is a local currency. By contrast, sterling for all its limitations is still a great international currency and provides the basis of a far-flung monetary area. These wider responsibilities appear to require a firm relationship between sterling, gold and the United States dollar. It would be asking a great deal of the sterling area, and of the other countries that use sterling extensively in their international transactions, to adapt their commercial policies in pursuit of a pound that was at the same time inconvertible and freely fluctuating. A free rate may be preferable to a fixed rate first determined by thinking of a number and later discovered to be overvalued or undervalued. There may be an argument, *pace* the Fund, for a free rate that remained in practice more or less pegged, since that would avoid a succession of political acts in changing a fixed rate to suit changing economic circumstances. But there is no argument for shifting a fixed rate either up or down if nothing is done to bring a positive policy to bear on the forces that play upon the pound. All the arguments at present point, not to revaluation, but to a more liberal philosophy in sterling policy.

Business Notes

Canadian Dollar Dealings

In the first week of its new freedom the Canadian dollar disappointed many bulls by floating less than halfway towards parity with the American dollar. During this first week, speculators taking profits on hot money in the Montreal market seem to have called most of the tune; the Canadian authorities must have stood ready to even out hour-to-hour fluctuations but so far, at least, there have been no reports of large-scale intervention on their part. The New York market, after some initial aberration, seems to have followed more or less in the wake of Montreal. The Bank of England rate, announced each morning, is now based - with a little latitude in the spread - on the previous night's Montreal close. Thus at the beginning of this week the rate at Montreal was $2.96-2.97 and in London $2.95-$2.97.

Canadian security prices, which had been rising for some weeks, receded slightly at the first news but have since resumed their progress. Dealings in these securities in London have been impeded by the wide gap in longitude and, therefore, in working hours. News of opening prices on the Montreal Stock Exchange does not reach London until 4 o'clock in the afternoon - half an hour after the Bank of England has closed its exchange dealings for the day. London brokers selling stock to Canada on the basis of these opening Canadian prices cannot cover their exchange transactions until the next morning, and are thus at risk for possible changes in the Canadian dollar during a whole day's dealings in Montreal.

Hot Money in London

The inflow of short term funds into London from abroad is beginning to make itself felt in the money market. Lombard Street has been unusually flush with funds in the last few weeks - including some on offer from American banks; at the end of last week it was even reported that some short term loans had been made at 3/8 per cent compared with the usual 1/2 per cent minimum. As this foreign money has come into the central reserves, the Treasury has had to increase its borrowing on floating debt in order to find the sterling counterpart. One consequence of this was the decision to raise the total of bills on offer at yesterday's tender to the new record figure of £260 millions. Another consequence is reflected in the rise in bank deposits in September.

In the five weeks to September 20th clearing bank deposits rose sharply by £78 million to just over £5,856 million. The whole of this rise was due to an increase of £88 million in Government borrowing on floating debt from the banking system; bank cash holdings ran down by £12 million (thus depriving the Government of an equivalent volume of central bank finance) but bank advances and investments were little changed. The Government's new calls on the banks are partly explained by switching operations by the departments out of floating debt to put up their share of the £30 million call on the electricity loan on September 15th; the money raised by this call was largely used to repay bank advances. For the rest, the Exchequer seems to have run a very small deficit during the period and there was also a drain of about £10 million in net withdrawals from National Savings. It is clear, however, that internal transactions alone do not account for this upsurge in deposits.

British Jet Engines in America

Final details are now being worked out for a long-term contract between Armstrong-Siddeley Motors and the American Curtiss-Wright Aircraft Corporation. The agreement

will make it possible for Curtiss to build the present range of Armstrong-Siddeley aero engines under licence and provides for exchange of information on future developments. For some time the exchange is likely to be one way only. The American firm is soon to give up the airframe construction side of its business, which has been without orders since the end of the war. Its engine division, on the other hand, has been fully occupied building the Cyclone piston engines used in the more successful American civil aircraft such as the Dakota, the Constellation, the Skymaster and the D.C.6. During this period the company has done little or no work on gas turbine engines, being one of several American firms that rejected gas turbines for civil use in favour of the 'compound piston' engines which seek to improve the performance of a piston engine by using its exhaust gases to drive a turbine.

Without an agreement of the type now intended, Curtiss would have found it difficult now to catch up with gas turbine developments. A British firm was the obvious choice. But Rolls-Royce already have licensing agreements with Pratt and Whitney which cover most of their engines; these agreements date back to the Merlin piston engine. Armstrong-Siddeley have a smaller number of engines than Rolls but have successfully developed the Mamba and Python turbo-prop engines and the turbo-jet Sapphire, one of the most powerful of jet engines. The Curtiss contract will not interfere with Armstrong-Siddeley's licensing agreement with Westinghouse, which covers combustion chambers only.

A New Wool Scheme?

American proposals for international allocation of raw wool seem to have been changed. The latest proposal is for what the Americans call a 'set aside' scheme. No details have been published but reports from Australia give some idea of its outline. Certain quantities of certain types of wool are to be short circuited from the auction sales, and sold direct to the United States. This wool will not pass through the market, but the price to be paid will be based (so it is reported) on the average level of market prices for the grades of wool 'set aside' during each month.

In return for this arrangement, it appears that the United States has agreed to ensure that all wool 'set aside' will be used only for military purposes. Such a scheme could only operate through some such organisation as the Joint Organisation, which appraises all wool offered for sale in the three southern dominions; its acceptance must presumably imply that the United States is willing to accept the continuance of the Joint Organisation either in its present form or perhaps in a new dress as a Commonwealth wool scheme on the lines now under discussion by the international wool study group. Judgment cannot be passed on the 'set aside' scheme until all the facts are known; on present knowledge, however, it has several marks of a dubious transaction between Britain, the United States and Commonwealth suppliers.

Freedom for Softwood

The partial resumption private trade in softwood can be interpreted as an admission on the Government's part that bulk purchase has failed to deliver the timber. Softwood is critically scarce; stocks at the end of June were the lowest ever recorded - 164,800 standards compared with a figure of 199,000 standards a year earlier, itself the barest minimum. This reduction in stocks has occurred despite a 15 per cent reduction in consumption during the first half of 1950.

For the cause of the present shortage, one can blame the buying policy of the Timber Control last winter. This organisation refrained from buying in the vain hope that world prices would be forced down. When this miscalculation became obvious, little or no timber could be bought at any price. In the first eight months of this year imports of softwood have amounted to 441,670 standards, a reduction of no less than 21 per cent compared with the same period of 1949. There is usually a seasonal increase in imports towards the end of the year, but total imports for 1950 will be much lower than in 1949 and perhaps lower than in 1948 when only a million standards was received. Last Autumn, Russia offered another 153,000 standards for sale; a similar offer this year would be welcome but there is no sign of one.

Private imports are permitted only from members of the European Payments Union and Finland; and in the past these countries have provided about half of Britain's annual imports. This partial resumption of private trade is likely to result in a sharp rise in timber prices for Britain, if only because these will now have to match world levels.

South Africa's New Import Control

A statement recently issued from Pretoria lifts a corner of the veil from the new system of import control that South Africa is to introduce in the near future. Hitherto South Africa's foreign currency earnings have been divided into two pools. One pool has been made up of South Africa's earnings from gold production and from exports to and capital borrowed from hard currency countries. Gold and hard currencies coming into this pool have probably been worth between £150 to £180 million a year and payments have been made from it for 'essential' imports (i.e. imports on the 'universal' list). To the extent that these 'essential' imports have been supplied by countries that accept sterling in payment, the gold or hard currency concerned has come to London to swell the sterling area's central reserve. The second pool has consisted of South Africa's soft currency earnings and the capital inflow to

the Union from soft currency countries. All 'inessential' imports have been satisfied by payments from this pool; thus America and other hard currency countries have not competed for the provision of 'inessential' South African imports.

It appears that this measure of discrimination against hard currency exporters is now to cease. Under the new system, all South Africa's current exchange earnings (both hard and soft), plus any inflow of hard currency capital, plus an additional sum in sterling equal in value to this hard currency inflow, will be put into one pool. A very rough guess suggests that between £250 and £300 million might come into this pool annually, of which about £120 million might be in sterling. Payments from the pool will be made for the vast majority of South Africa's imports - those, that is, which are covered by new 'general' licences valid throughout the world. The only exports from soft currency producers that will still enjoy differential treatment in the South African market will apparently be a limited list of 'inessentials', determined by the inflow of soft currency capital into the Union.

Less Gold for Britain?

When this new system comes into effect, American and other hard currency producers will be able to compete for the provision of a much wider range of goods to the South African market and it must be expected that they will draw heavily on the gold and hard currency in the 'general' imports pool. The gold portion of the pool that will accrue to the Bank of England, as a result of the purchases of soft currency goods by holders of general import licences, will not however be allowed to fall below £50 million annually. If American exporters earn so much hard currency from the pool that insufficient remains to cover the sale of £50 million of gold to the Bank of England, the 'essential' list will be shortened again, although it is unlikely that American competition will be so keen that a curtailment of the list will become necessary. Hard currency countries will clearly be able to battle for South Africa's gold on a much broader front than hitherto.

Under the old arrangements, it is believed that Britain got £9,000,000 worth of gold from South Africa in the first quarter of this year, £20 million in the second quarter and just under £20 million in the quarter recently concluded. If these figures are correct, and if Britain fails to secure much more than the £50 million annual minimum henceforth (as unfortunately seems rather probable), the sterling area must expect rather smaller gold receipts from South Africa in coming months.

What Price Danish Butter?

The Minister of Food, making a further attempt to restrain the rising cost of imports, has turned down Denmark's request for an increase in the price for butter under contract in 1950-51. The contract, signed just before devaluation, runs for five years; prices are reviewed each year and may be varied by not more than 7½ per cent up or down. In return for a long-term contract, Denmark agreed to reduce its export price from 321s.6d. a cwt to 271s.6d.; when, a fortnight later, sterling was devalued, the cost of feedingstuffs imported by Denmark rose sharply.

The Danish case for a higher price this year was statistically impressive. Import prices of feedingstuffs have risen by 35 per cent in the past year and fertilisers by 11 per cent. The Danish Government puts the rise in farmers' costs at almost 9 per cent during the period. Denmark has therefore suffered a sharp deterioration in its terms of trade since devaluation. From August 1949 to August 1950 the Danish price index for imports rose from 285 to 340 (1935 = 100) while the index of export prices fell from 308 to 290. Exports of butter to Britain alone represent about 18 per cent of Denmark's total exports.

The British case seems to have been rested on the proposition that at some time a halt must be called to the steady rise in food prices. New Zealand and Australia had already been refused a higher price for butter, and therefore no increase could be made for Danish butter.

Denmark has stated it will continue to ship 75 per cent of its butter exports to Britain. But the question is whether Britain's rigid attitude on prices will reduce the production of butter in Denmark. If, as the Danish Government claims, butter production is unprofitable at present prices, Danish farmers will attempt to switch to other products and to other markets. Such opportunities are limited. Bacon has to be sold to Britain at 'unremunerative' prices; eggs are abundant at the peak season; outlets for cheese and milk powder are becoming rapidly saturated; Germany, Denmark's other main market, wants to protect and develop its own agriculture. The British Government may know that it holds the trump cards; but it may one day have cause to regret that it played them for such a deliberate squeeze. It would never dare do the same to British farmers.

Britain's Overseas Investments

The Bank of England has taken up the trail that was blazed by Lord Kindersley between 1929 and 1939 in estimating the overseas investments of the United Kingdom. The figures have been brought up to date and supplemented by the information that has become available to the authorities through the operation of exchange control. They still cover only the nominal capital value of the overseas investments of British residents through the medium of securities quoted on, unofficially dealt in or otherwise known to the London Stock Exchange. Thus while Lord Kindersley's estimate of overseas investments at

the end of 1938 was £3,324 million, the Bank's estimate for the same year is £3,546 million the difference being largely accounted for by dollar securities that came to light as a result of registration with the Bank under Exchange Control regulations but which Lord Kindersley had no means of discovering.

The securities listed fall into three main classes - loans of central and local governments, shares and debentures of British registered companies operating mainly abroad,

Value of British Investment Overseas

(£ million: end year)		1938	1948
Government and Municipal Loan		1,521	797
UK Companies:	Share Capital	817	596
	Loan Capital	367	119
Overseas Companies:	Share Capital	473	304
	Loan Capital	368	144
In Commonwealth Countries		1,998	1,111
In Foreign Countries		1,455	749
Not Classifiable by area		93	99
		3,546	1,960

and those of companies registered abroad. Between 1938 and 1948 the nominal values of these securities fell by £1586 million to £1960 million; details are shown in the accompanying table. The interest and dividends received on these investments, which totalled £155.4 million in 1938, fell to £102.4 million for 1944, but had recovered to £116.4 million in 1948.

Prospects for Steel Supplies

Excellent steel production figures for September offer a good occasion to review the prospects for steel supplies in Britain and to measure the effects of the rearmament programme upon them. Weekly average production of steel ingots and castings in September was 305,900 tons, equivalent to an annual rate of output of 15.9 million tons a year. The forecast in this year's 'Economic Survey' was 15.75 million to 16 million tons for the year, and to reach the higher of these figures the industry would have to add 400,000 tons to its 1949 performance. In fact, the aggregate output for the first nine months of the year has been 12.1 million tons - about 530,000 tons more than was produced in the comparable period of 1949. The holidays are now over, and it seems fair to guess that production by the end of September was well above the rate of 16 million tons a year; the chances of exceeding the forecast seem to be good.

An article in the August *Statistical Bulletin* of the British Iron and Steel Federation, took an optimistic view of production prospects for the year, but added a note of caution about total supplies. Imports have been cut and now seem likely to be 400,000 tons lower this year than last. Exports have risen, and are estimated at perhaps 400,000 tons more in the year than they were in 1949. Some 600,000 tons were added to stocks in the hands of producers, merchants, and consumers last year, and since these stocks can very well be run down if need be, there seems no reason to anticipate any shortage. But it is unlikely that the expansion of direct exports can be permitted to go much further at present.

In the federation's view, rearmament will not affect domestic steel supplies this year in any serious way. It points out that steel-using industries would have difficulty in finding any more labour with which to increase their consumption of steel. The normal gradual improvement of productivity might lead to such an increase - but not simultaneously with any marked switch of production from pacific to warlike production. Such a switch 'would inevitably mean a temporary drop in productivity and therefore in steel requirements.'

Shorter Notes

The Minister of Supply has made an Order specifying February 15th as the general date of transfer under the Iron and Steel Act, 1949. On that date the securities of the 92 companies now specified in the schedule to the Act will vest in the Iron and Steel Corporation, which is at present engaged in recruiting staff and looking for offices.

The American Civil Aeronautics Board has at last agreed to accept in America the certificates of airworthiness issued by the British Air Registration Board to British-built civil aircraft. There are now no technical barriers to the import of British aircraft into the United States.

A revision of the hosiery utility scheme has been carried out by the Board of Trade, and a new schedule of specifications covering certain kinds of knitted goods other than silk and nylon stockings has been embodied in a new Order which comes into operation on October 20th. The purpose of the changes is to 'afford greater scope for manufacturers in the selection of materials and method of construction'.

STATISTICAL SUMMARY

Finance		Week ending Sep. 30 1950	Oct. 7 1950
Note circln. (Wed)	£mn.	1,283.3	1,282.7
Tr. Bills allotted	£mn.	240.0	250.0
Av. rate per cent		10s. 3.23d.	10s. 3.23d.
Total floating Debt	£mn.	5,931.9	5,950.3
Total Ord. Rev.	£'000	74,032	59,011
Total Ord. Exp.	£'000	111,209	63,563
Change in Nat. Debt	£'000	+38,744	+25,946
Total Nat. Debt	£mn.	26,252	26,278

Gilt-edged yields per cent.	Oct. 3 1950	Oct. 10 1950
	£ s. d.	£ s. d.
Consols 2½%*	3 8 9	3 7 10
War Loan 3% (1955-59)+	2 5 11	2 3 3
Funding 3% (1959-69)+	3 2 0	3 0 10
War Loan 3½% (after '52)*	3 13 9	3 12 11
Br. Elec. 3% (1968-73)+	3 4 3	3 2 5
Br. Trspt. 3% (1978-88)+	3 6 10	3 5 5

* Flat yield
+ To earliest date + To latest date

Company Meetings

BEKOH CONSOLIDATED RUBBER ESTATES

Satisfactory Trading Results

The 30th annual general meeting of this company was held on September 29th in London, Mr. E. G. Estall, the chairman, in the course of his speech said: The net profit for the year is £36,010, against £11,766 last year. This represents approximately 3d. per lb. on crop harvested.

The crop was 2,801,447 lb. say 299,000 lb. lower than the previous year. Irrespective of the lower crop, there was no increase in the cost of production. The all-in cost, including replanting and upkeep of immature areas was just under 9d per lb. The result of the year's working, I am sure, is considered very satisfactory, and I have little doubt that when the dividend of 10% has been declared it will be received with acclamation.

Your directors considered it prudent to sell forward part of the crop and thus ensure that estate expenditure was covered for the current year. Since the issue of the report sales for 1951 have been made as follows:- 5 tons monthly January/December 1951 at 2/6d per lb. c.i.f; 5 tons monthly January/March 1951 at 3/3d per lb. c.i.f; 5 tons monthly April/December 1951 at 2/8d per lb. c.i.f.

The crop for the year which ends 31st March next is estimated at 2,870,000 lb. Of that crop just under 1,000,000 lb. have been sold or valued at lower than today's price, showing a profit of very nearly double that earned for the year under review. Your Directors feel that an interim dividend should be paid, and it was decided that this should be 10% payable on October 23rd.

Sir Sydney B. Palmer, who had visited the Company's Estates, confirmed their good condition.

The report was adopted.

A. C. COSSOR, LIMITED

Year of Marked Improvement

The Twelfth annual general meeting of this company was held on September 26th in London, the Rt. Hon. Lord Burghley, K.C.M.G. (Chairman) presiding.

The following is an extract from his circulated address:

The company has made a net trading profit of £114,659. Taxation absorbs £26,115 leaving a balance of £88,544. This compared with a net loss last year of £207,814. The corresponding figures for the group as a whole are a profit this year of £99,370 against a loss of £213,969.

The bank overdraft has been reduced from £679,343 to £373,490, while the group's total overdrafts have fallen from £849,849 to £383,133. The net current assets of the group at £1,305,688 show an increase of £135,851.

The company's turnover for the year (in all branches) was approximately double that for the preceding year, while its overhead expenses remained practically the same. This alone will perhaps give you some idea of the vigorous efforts made by your management to put your company upon a sound and healthy basis.

You may now, I think, perhaps begin to feel that the patience with which you have supported your board through some very trying times is coming within sight of some reward. I told you in my address a year ago that I thought the corner had been turned. The results before you justify this statement. This year, up to the present time, the indications are that we are doing better than a year ago.

To build up your company into an unassailable position remains our policy. At the same time the shareholders are fully entitled to expect a reasonable return. It is therefore our aim to resume the payment of dividends as soon as possible.

The report was adopted.

HENDERSON'S TRANSVAAL ESTATES

Strong Financial Position

The 38th annual general meeting of this Company was held on September 27 in London.

Sir Joseph Ball, K.B.E. (chairman and managing director), who presided, in the course of his speech said:- The consolidated balance sheet again discloses a very strong financial position. Both the market value of our quoted investments and the estimated value of the unquoted securities which we hold are substantially in excess of the book value.

The gross revenue received by the Parent Company is almost the same as the previous year at £90,260, but the net profit for the year, after allowing for taxation, is up by £10,333 at £50,342. There has been added to the General Reserve a further sum of £11,500. We recommend the payment of a dividend of 15 per cent., which is at the same rate as for the three preceding years.

The dividends distributed by Henderson's Transvaal Estates since 1932 amount to no less than 208 per cent. on the issued capital of the company, and since that date the General Reserve has been increased from nil to £341,500.

We hold, through our subsidiary, Mineral Holdings, Ltd., the mineral rights in the farm Vryheid No. 799, which adjoins the property of the Messina (Transvaal) Development Co., Ltd. The results of a geophysical survey were sufficiently encouraging to warrant further investigation, and a programme of boreholes is in progress.

The report and accounts of Tweefontein United Collieries, the subsidiary through which your company holds its very large interest in the South African Coal Trade, show that the company is well maintaining its position among the leading Transvaal Colliery Companies.

The report was adopted.

GOLD MINES OF KALGOORLIE

Record Output

The annual general meeting of this company was held on September 29 at Melbourne.

Sir Walter Massy-Greene, presiding, said:- The mill treated an average of 12,555 tons per four-weekly period, which exceeds the previous highest output of 12,400 tons attained in the previous year. (The figures quoted are in sterling unless stated otherwise.)

The tonnage treated was 163,213 tons, of which 163,182 tons came from the company's leases and returned 41,337 ounces of fine gold, equivalent to a yeild of 5.07 dwts per ton. The gold realisations averaged 55.3/- per ton of ore treated, an increase of 12.2/- compared with the year before. This is in part due to the increase of .07 dwts per ton in the grade of ore treated, but is mainly due to the increase in the price of gold, which from 19th September, 1949, was £12/8/- stg. or £A.15/9/10 per fine ounce against the old price of £8/12/3 stg or £A.10/15/3.

Operating costs increased by 4.11/- to 37.82/- per ton. The profit before appropriation amounted to £139,862, which is £73,919 more than the previous year's profit. The interim dividend of 1/- per unit paid on 13th April, 1950 took £61,475 and the proposed final dividend of 1/3 per unit will absorb £76,844.

The total development of 8,049 feet is 547 feet less than carried out in the previous year. The percentage of payable development footage on lode was 46.6%, an increase of 3% on last year's results, and the average grade of the ore exposed was 9.1 dwts over 56 inches. The pleasing feature is the good average grade disclosed, even though it is below last year's exceptional figure.

The report was adopted.

WESTERN MINING CORPORATION

The annual general meeting of this Company was held on September 29 at Melbourne. (The figures quoted are in Australian currency).

Sir Walter Massy-Greene, the chairman, in the course of his speech, said:-

The profit for the year was £154,204. Revenue was derived mainly from the following sources:- first, dividends from Central Norseman Gold Corporation N.L., £82,031, and from Gold Mines of Kalgoorlie, Limited, £23,082, and, secondly, profit from the sale of shares, properties, etc., £58,751.

Progress of Associated Companies

At Gold Mines of Kalgoorlie the main feature has been the good grade of ore developed recently. Progress is being made in installing the additional equipment required to increase output.

At Central Norseman additions to the mill and power house are approaching completion and output has reached a rate of 150,000-160,000 tons per annum.

At New Coolgardie developments have been very satisfactory.

At Central Victoria Dredging the Jim Crow Dredge has been brought into production.

The main features in the affairs of the companies in which W.M.C. has a substantial interest are the expansion of activities, increased expenditure on buildings and equipment, and the difficulties of obtaining speedy deliveries of plant and materials. Extra finance has, in consequence, become necessary and this has been provided by Western Mining Corporation.

The Future of Gold

Since our last annual general meeting the further devaluation of sterling and of the Australian pound has fundamentally altered the prospects of Goldmining in this country.

I do not think we have yet seen the full effect of war finance on the price of gold. America is still hanging on to the dollar price of gold of $35 per fine ounce. I believe there is nothing surer than that sooner or later the anomalous position of the dollar price of gold will be corrected.

I look forward to a still greater revival in the gold mining industry, and, as the relative rates of exchange are adjusted between the United States and the whole of the sterling area, a satisfactorily payable price for gold for a long time to come.

Until there is a free market for gold and paper money is freely convertible into gold, inflation must and will continue. The report was adopted.

AMALGAMATED TOBACCO CORPORATION

Lord Llewellin's Statement

The fourth ordinary general meeting of the Amalgamated Tobacco Corporation Ltd. was held on September 21 in London, the Rt. Hon. Lord Llewellin, P.C., C.B.E., M.C., T.D. (chairman), presiding.

The following is an extract from his statement:-

Our gross trading profit of £259,221 for the 10 months' period was running at about £25,000 per annum higher than last year. The same improvement is not apparent in our net profit after providing for taxation, because our provision for tax in this 10 months' period is almost as high at £104,262 as it was last year at £106,195 on a full year's profit. This unusually high figure is due to adjustments arising from the change in our accounting date and the placing of our income tax on a more current basis.

As a result of this very heavy tax charge - a non-recurring event - net profit after providing for taxation is £68,819 for 10 month,, against £97,741 for the previous full year. The directors feel justified in recommending dividends for the 10 months at the same rate per annum as last year.

Walkers Tobacco Company, Ltd., our newly-acquired subsidiary, shows a profit for the twelve months to March 31, 1950, of £19,918 plus £3,000 provisions of previous years no longer required, £22,918. Taxation requires £12,500, £9,000 pre-acquisition profits are transferred to reserve and £2,070 carried forward.

The steady rise in leaf tobacco prices, whilst the price the manufacturer receives for his products remains unchanged, is a matter of concern. These conditions have been accentuated by the devaluation of sterling, but they have persisted now for some years and have very largely offset the benefits we would otherwise have obtained by developing our business in the way we have.

In conclusion, however, I am happy to say that the demand for our products and the reports we receive on them indicate the good saleability of our products under whatever conditions of competition we may have to encounter in the future and, meantime, our results to date in the current year are fully equal to those of the corresponding period last year.

The report was adopted.

WATNEY COMBE REID AND CO.

High Standard of Quality

The ordinary general meeting of this company was held on September 22nd, in London. Major A.C.Bonsor (the chairman), presiding.

The following is an extract from the chairman's circulated statement.

In April this year the Chancellor rearranged the existing heavy rates of beer duty. This did not check the continuing decline in sales, a decline particularly bad in the southern half of England.

Every possible precaution is taken to ensure that the products which we offer to the public are in all respects of the very highest standard of quality. We have, during the year, introduced a new and stronger bottled beer-Red Barrel Ale-which is meeting with a most satisfactory reception, while our container beers, which, by their special preparation and sale in stainless steel containers, possess unique attractions for clubs, hotels and ships, are gaining an ever-growing popularity. I am also pleased to be able to state that our export trade is making slow but none the less appreciable progress.

Effect of Taxation

But while these facts are all to the good, it would be most imprudent to close our eyes to the probability of a continuance of the present state of affairs, and, moreover, the possibility of still further deterioration.

I still consider that there is little likelihood of any sustained improvement until the taxation on beer is really materially reduced so as to bring the price once again within the diminished spending power of the public.

During the year, thanks to an easing of the position with regard to licences, we have been able to make substantial progress in overtaking accumulated arrears of repairs and decorations to our houses, but much still remains to be done.

The rate of progress in providing licensed houses on new housing estates and the replanning of licences in war-damaged areas is still deplorably slow and that is certainly not the fault of the brewers. The replacement of worn-out buildings is still not allowed, other than in the most exceptional circumstances.

The profit on trading at £1,452,329, shows a decrease of £130,041. After providing for taxation, the net profit for the year is £70,138 smaller at £873,197.

The report and accounts were unanimously adopted and a final dividend of 10 per cent., making 15 per cent. for the year, and a bonus dividend of 2 per cent. on the deferred ordinary stock were approved.

It took 157 years

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Newton Chambers

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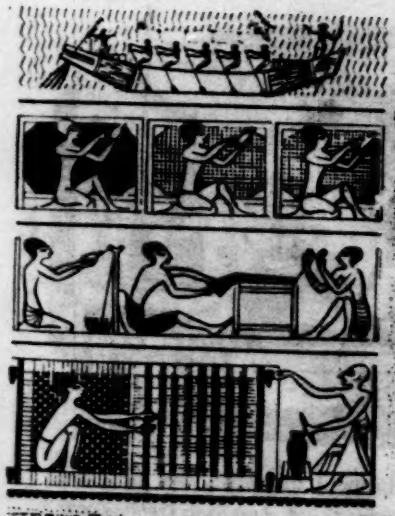

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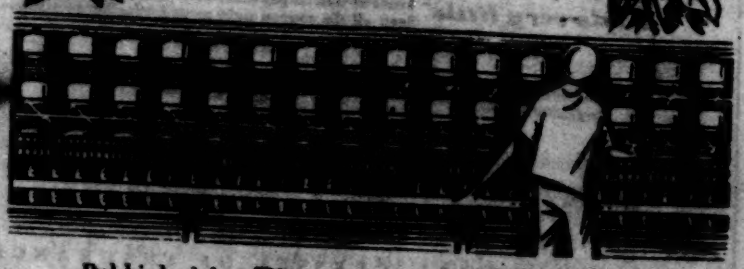

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